

Title: DIVISION SUPPLIER AND SUBCONTRACTOR ASSESSMENT	Number: D65-06-01	Revision No.: OD	Effective Date: 31 JAN 97
	Prepared By: Thomas J. Underwood	Approved By: Thomas S. Dodson	Page: 1 OF 3

31 January 1997

STANDARD OPERATING PROCEDURE D65-06-01

From: D65

To: D65 Division

Subj: DIVISION SUPPLIER AND SUBCONTRACTOR ASSESSMENT

Ref: (a) SOP D65-06-02 Division Purchasing
(b) SOP D65-13-01 Division Control Of Nonconforming Product
(c) SOP D65-14-01 Division Corrective And Preventative Action

1. Purpose. To establish a system and provide instructions for supplier and subcontractor assessments. This procedure assigns responsibilities for:

2. Scope and Application. This procedure applies to qualification and monitoring of vendors supplying materials, components, and products that are incorporated into the final products/services of the Division. The procedure also applies to vendors of required services, such as design or delivery. Qualification and monitoring of vendors supplying items not incorporated into our products will not be required. "Approved" suppliers lists are not allowed according to government regulations. As a result, Purchasing will take the best approach available for supplier control within established legal guidelines and in accordance with good management practice.

3. Policy. This procedure controls the qualification of suppliers and subcontractors and Division verifications of purchased products. Quality Assurance (QA), Engineering, Production Control, and Production are required to be familiar with this procedure. NOTE - NRaD has established the Purchasing Department for the command as the approved and direct supplier. The Federal Stock System (FSS) is the purchasing agent for the Division and maintains purchase records. The Purchasing Department and the FSS are not part of the Division's ISO 9001-compliant quality system. Any description of their procedures is for information only. The Division has the ultimate responsibility to deliver a quality product per specification to sponsors/customers regardless of supplier or subcontractor performance; therefore it will play a key role in assisting Purchasing, FSS, and all other government procurement agencies in evaluating and monitoring suppliers and subcontractors.

4. Procedure. This procedure defines "supplier" and "subcontractor" and provides the processes for their assessment, quality performance monitoring, maintenance of supplier and subcontractor records, and verification of purchased products.

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a. Definitions - For the purpose of distinguishing between different categories of vendors, the following definitions are provided:

(1) Supplier - A vendor supplying standard catalog products.

(2) Subcontractor - A vendor supplying products that are either modified to, or manufactured from drawings and specifications. Products and services maybe hardware, software, integrated systems, technical services, or administrative services. As an exception, vendors of catalog products intended for critical applications are also classified as subcontractors.

b. Supplier Assessments - The Purchasing department is responsible for assessing and selecting new suppliers for production materials and parts. The Federal Stock System (FSS) evaluates suppliers and sub-contractors for the government using various records (see 1.4.1). Before entering a supplier on the supplier list and contracting with the supplier, Purchasing and FSS check the supplier's record and ensure that the catalog specifications of products to be purchased satisfy the requirements stated on the purchase order. Continuous quality performance monitoring of suppliers is also an important element of supplier assessment (see Section 3). FSS establishes a supplier quality record file for every new supplier. All documents supporting the initial assessment and qualification of the supplier are placed in the file. Typically, these documents are customer reference lists, capacity and capability data sheets, catalogs, memoranda from telephone conversations and meetings, credit references, and other documentation. The approval status of the supplier is recorded in the supplier quality record file. The file is also used for keeping records pertaining to the supplier's quality performance (see Section 3).

c. Subcontractor Assessments - Subcontractors will be assessed by Purchasing, FSS and QA. Purchasing, FSS and QA may request a visit to audit the subcontractor. A subcontractor quality record file is established for every new subcontractor. All documents supporting the initial assessment and qualification of the subcontractor will be placed in the file. The approval status of the subcontractor is recorded in the subcontractor quality record file. The file is also used for keeping records pertaining to the subcontractor's quality performance (see Section 1.3).

d. Quality Performance Monitoring - All suppliers and subcontractors will be continuously monitored on their quality and delivery performance. When a nonconforming delivery is identified, the receiving clerk or the technician can initiate a Report of Discrepancy (ROD). QA or the technician may also initiate a Quality Deficiency Report (QDR) depending upon which is best suited. These reports will be initiated and processed in accordance with Procedure SOP D65-13-01, Division Control of Nonconforming Product. The supplier or subcontractor will always be contacted about identified nonconformity's. If discrepancies and/or nonconformity's are serious or recurring, the supplier or subcontractor will be requested to propose and implement

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a corrective action plan and report status until the nonconformity's are resolved. Nonconformity reports, requests for corrective actions, and associated correspondence are filed in the supplier's or subcontractor's quality record file. Existing suppliers and subcontractors who have been supplying the Division for at least six months prior to implementation of this procedure, and whose performance has been satisfactory, are exempted from the initial qualification requirement.

e. Supplier and Subcontractor List/Records - Supplier and subcontractor records and problem reports are maintained by the Defense Contract Management Command (DCMC), GSA, the Navy in their Product Deficiency Reporting and Evaluation Program (PDREP), and the Navy's Red/Yellow/Green program (RYG program). The Purchasing department and FSS are also responsible for maintaining the supplier and subcontractor records. Detailed policies and procedures are available in the Federal Acquisition Regulations (FARs), the Defense Federal Acquisition Regulation Supplement (DFARS), the Navy Acquisition Procedures Supplement (NAPS), and the Command's Purchasing department instructions and procedures.

f. Customer Verification of Purchased Product - When applicable, customers can verify that products purchased for their tasking conform to specified requirements. If the verification is to be done at the supplier's location, the Purchasing department must be notified at least one week in advance so the necessary arrangements can be made.

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